First Arkansas Bank & Trust Member FDIC

Tip of the Month for January: Get Financially Fit

The new year is an ideal time to set new goals, as many vow to become more physically fit or get organized. The new year is also a great time to asses your finances, gain control and stick to a new budget or saving plan. Taking control of your personal finances will allow you to save and prepare for unexpected expenses.

Get financially fit this January. Follow the tips below to get started.

Get Organized
Consider treating yourself to a post-holiday gift of a financial organization system. Alphabetized file folders, or filing systems specifically for financial organization are available in January as people begin to prepare for tax season. Take advantage and start the new year with an organizational system. While you're getting organized, consider buying a shredder to keep your personal information safe from identity theft.

Create a Budget
Track your income and expenses to see how much money you have coming in and how much you spend. If you have debt, establishing a budget will help you to pay down your debt while saving. Use computer software programs or basic budgeting worksheets to help create your budget. Include as much information as you can and review your budget regularly. Print several copies of this budgeting worksheet to help you get started.

- Identify how you spend your money.
- Set realistic goals, especially if you plan to cut some of your expenses.
- Track your spending and review your budget often.

Lower Your Debt
Debt from student loans, mortgages and credit cards is nearly unavoidable. Most families carry about $10,000 in credit card debt. Spending more money than you bring in can lead to financial stress. Establish a budget to pay down debts while you save.

Points to consider when cutting debt:

- Pay more than the minimum due and pay on time.
- Pay off debt with higher interest rates first.
- Transfer high rate debt to credit cards with a lower interest rate.
- Use credit cards and loans for purchases that will appreciate in value like a home.

Save for the Unexpected and Beyond
Pay yourself first. Saving is important; it ensures a comfortable future that can endure financial surprises. No matter how old you are, it's never too late to begin saving.

- Save at least 10 percent of your income for retirement. Enroll in a retirement plan or consider optimizing an established retirement plan. Contribute at least the maximum amount that your employer will match. Contributions made to these types of plans are tax deductible. If your employer does not offer a retirement savings plan, ask us about

Individual Retirement Accounts. IRAs offer tax-deferred growth, meaning you pay taxes on your investment gains when you make withdrawals.

- Financial advisors often recommend keeping about three months salary in a savings account in case of financial emergencies like hospital bills or loss of job.
- Increase your contribution as your income increases.
- If you receive direct deposit at work, ask your employer to send a specific amount to your savings account. Because the money is put into an account before you have a chance to spend it, automatic savings plans are an easy and convenient way to save. If your employer doesn't offer direct deposit, check with us for automatic transfers from your checking to savings accounts.